

B. Compensation Leading to Material Financial Loss

Compensation that could lead to material financial loss to an institution is prohibited as an unsafe and unsound practice.

[60 FR 35678, 35687, July 10, 1995, as amended at 61 FR 43952, Aug. 27, 1996]

PART 571—STATEMENTS OF POLICY

Sec.

571.2 [Reserved]

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571.16—571.19 [Reserved]

571.23 [Reserved]

571.24 Guidelines relating to nondiscrimination in lending.

AUTHORITY: 5 U.S.C. 552, 559; 12 U.S.C. 1462a, 1463, 1464.

SOURCE: 54 FR 49666, Nov. 30, 1989, unless otherwise noted.

§ 571.2 [Reserved]**§ 571.5 [Reserved]****§ 571.6 Policy considerations regarding "de novo" applications for a Federal savings association charter.**

The Office deems it advisable that *de novo* applicants for permission to organize a Federal savings association be informed of certain policies governing application review which the Office will generally apply.

(a) *Minimum initial capitalization.* (1) In order to ensure adequate reserve levels for *de novo* applicants during their initial period of operations, it is the Office's policy that it will not approve any such applicant having less than three million dollars in initial capital stock (stock associations) or initial pledged savings (mutual associations), except as provided in paragraph (a)(2) of this section.

(2) The Office will consider approving a *de novo* applicant having at least two million dollars in initial capital stock (stock institutions) or initial pledged savings (mutual institutions) if the applicant provides in its application and

in the business plan described in paragraph (b) of this section, that:

(i) The applicant will be located in, and intends to serve, an area with a population not exceeding 50,000; and

(ii) The applicant will be community-oriented, as demonstrated by:

(A) A substantial number of the organizers residing in the community in which the applicant is to be located;

(B) A plan to focus capital-raising activities on subscribers in the community in which the applicant will be located;

(C) Provision of adequate local public deposit facilities acceptable to the Office, in the community in which the applicant will be located;

(D) A commitment to local home financing and related services; and

(E) Office concentration in the community in which the applicant is located and, if desired, in communities of similar size.

(iii) For purposes of determining appropriate minimum capital, the population of the area will be calculated upon a determination of the delineated market area or the county or Standard Metropolitan Statistical Area (SMSA) in which the association will be located, whichever is greater.

(iv) Any material change from the qualifying criteria set forth in paragraphs (a)(3)(i) and (a)(3)(ii) of this section may be made if the applicant has increased its capital to at least three million dollars and receives the prior approval of the Regional Director, or his or her designee.

(b) *Business and investment plans of newly-chartered associations.* (1) Pursuant to section 5(a)(2) of the Federal Deposit Insurance Act (12 U.S.C. 1815(a)(2)), the Office must consider the following factors enumerated in section 6 of the Federal Deposit Insurance Act (12 U.S.C. 1816) in order for an applicant to obtain insurance of accounts by the Federal Deposit Insurance Corporation:

(i) The financial history and condition of the association;

(ii) The adequacy of its capital structure;

(iii) Its future earnings prospects;

(iv) The general character and fitness of its management;